

PRICE ADJUSTEMENT-PVC payment terms and conditions

The price adjustment provisions shall be applicable separately for price components relating to Supply of Equipment/Mandatory spare as per price break-up furnished by the Contractor in price schedule.

Price adjustment amounts towards aforesaid components of Contract Price shall be paid in the respective currencies of Contract(INR).

PVC payment shall be linked with Delivery period defined as per NIT terms & conditions. PVC shall be applicable only, during the extended period of contract (if any) after contractual completion period and for the portion of work delayed / backlog for the reasons not attributable to the Contractor.

The total amount of PVC payable shall not exceed 20 % of the BASIC contract value for respective order. Negative price variation (without any limit) shall be passed on to BHEL.

PRICE ADJUSTMENT FORMULA FOR SUPPLY AND MANDATORY SPARES –

The amount of price adjustment expressed in the currency of The Contract (INR) towards variable portion payable/recoverable on each shipment/despatch shall be computed as under:

EC = EC1 - EC0, EC1 will be computed as follows:

$$EC1 = EC0 \{ F + a \times A_1 / A_0 + Lb \times L_1 / L_0 \}$$

Where

EC1 = Adjusted Amount of Main supply price (Ex-Works) and Mandatory spare price (Ex-Works) expressed in the currency of the Contract (INR) payable to the Contractor (vendor) for each shipment/despatch.

EC0 = Amount of Main supply price (Ex-Works) and Mandatory spare price (Ex-Works) expressed in the currency of the Contract (INR) in Contract/Purchase order for each shipment/despatch.

- “F” shall be factor for Fixed Portion/Component involved in the Contract and shall be considered as **0.15**.

- “a” shall be co-efficient of major materials/items components involved in the Contract and shall be considered as **0.6**.

- 'Lb' shall be co-efficient for labour component involved in the Contract and shall be considered as **0.25**.

- 'A', shall be as per price indices published under RBI bulletin-Monthly, Wholesale Price Index, Table No 22, Sl.no N (a) for Manufacture of basic iron and steel (w.r.t major materials/items) with same base year.

- 'L' shall be as per price indices published under RBI bulletin-Monthly, Other Consumer Price Indices, Table No. 20, Sl. no.1 for Industrial workers with same base year.

Price Indices to be considered (As per RBI)

Material	RBI Index
Manufacture of basic iron and steel -A	Table No 22, Sl.no N (a)
Industrial labour -L	Table No. 20, Sl. no.1

For the indices, subscript '0' refers to indices of the month immediate after expiry of contractual delivery period.

Subscript '1' refers to indices of month immediate before actual delivery date/month of Shipment / despatch.